

SIMULATED TRADING SYSTEM WITH AWARDS TO PARTICIPANTS BASED ON PORTFOLIO NET PROFITS

ABSTRACT OF THE DISCLOSURE

A simulated trading system allows a user to set up an account with a

- 5 predefined portfolio of nonzero value, such as a portfolio of a predefined cash amount, and
make trades to and from that portfolio. At the end of an investment period, the user is
awarded the net profits that user made during the investment period. Alternatively, users that
end the investment period with portfolios larger than the starting portfolio are awarded their
net profits up to a prespecified maximum and/or a prespecified percentage of less than 100%
10 of the net profits. In one variation, the trades made by the users are actually executed and the
securities held in the name of the system operators or the users. The losses incurred by some
users, which would be borne by the users themselves in a conventional portfolio system, are
borne by the system operators and/or sponsors of one or more investment education
programs. The system operators can optionally reduce risk of losses by hedging the trades
15 made by the users. In another variation, the trades are not actually made and any simulated
net profits that are paid out to users are funded by advertisement revenue and/or
sponsorships.

SF 1137743 v1